



Analyse the e-NAM as a Key Initiative for Farmers and Agriculture Sector. (150 Words / 10 M) (GS-3 Agriculture)

Approach:

1. Introduction – significance of Agri sector.
2. Briefly mention the key challenges of Agri-trading.
3. Mention why e-NAM became needed.
4. Chart out the benefits of e-NAM.
5. By briefly mentioning the key issues, give measures for their remedy.
6. Conclusion.

India has traditionally been an agrarian economy. It continues to be the **primary livelihood** source for about **58%** of India's population, contributing around **18% to the overall GDP**. Thus, any advancement in agriculture directly impacts the development of majority of the population.

Key challenges facing agriculture trading: Today, Indian agriculture is marred with key challenges like : small land holdings per farmer, primary & secondary processing, supply chain, reducing intermediaries, financing, etc. While addressing **small-land holdings** is a **limiting factor** to agricultural productivity, the **other challenges** can be met through **structural reforms**.

Need for e-NAM: One such key structural initiative is the **e-NAM or Electronic National Agriculture Market**. e-NAM is a pan-India electronic trading portal for Agri-produce to create a **unified national market** by **networking existing Agriculture Produce Marketing Committees (APMCs)**. The APMC framework had its own set of challenges, the main being that since it is state specific, APMCs **lacked uniformity or compatibility** leading to **fragmentation** of each markets, with each state functioning as a separate market.

The **core purpose** of APMCs was **prevent farmers' exploitation**, by bringing all trade into regulated markets. But its creation has led to **restrictive practices** and **collusion among traders** leading to **overdependence** of farmers **on middlemen**. Consequently, this entire architecture made **inter-state trade** all the **more difficult**.

Benefits of e-NAM:

- To overcome these challenges, e-NAM was conceived with the goal of creating a **seamless national market** where buyers can bid for specific lot electronically. This **dispersed set of online buyers** bidding **anonymously** reduces chances of traders' **collusions**.
- Under e-NAM, **one license** issued for a trader is valid across all mandis in the state.
- There is a **single-point market fees** on the first wholesale purchase from the farmers. For local traders, e-NAM offers opportunity to **access a larger national market** for **secondary trading** Traders can buy from more than one market with the same license & **quote bids online**.
- For farmers, this **increases access to markets** through **warehouse-based sales**,



reducing the need to transport produce to mandis. The farmers thus benefit from **participating directly** in local mandi trading, thereby **negating** their **intermediation cost**.

- Farmers can now access **24x7 commodity price information**, along with **advance lot registration** facility that **reduces waiting time** at mandis. Farmers can further **view bids** placed for their produce with **quality assaying parameters**.

Key Issues facing e-NAM:

- Alignment of nationwide APMCs and states.
- Awareness & adoption by key stakeholders.
- Adaptation to rapid changes in technology.

Steps ahead:

- **Aligning nationwide APMCs & States** : e-NAM needs a **legal binding arrangement** across states that is compatible to correct weaknesses of the divergent APMC Acts at the state level. State seeking integration with e-NAM should issue – (a) a **single unified trading license** for all state mandis, (b) implement a **single point levy** of market fees, and (c) provide **e-auction as a mode of price discovery**.
- **Adoption by key stakeholders** : to ensure adoption by key stakeholders, **upgradation of quality** of existing infrastructure is needed, other than flourishing awareness, assuring **regular electricity** and availing **working computers** for large scale operations with **high-speed internet** connectivity across smaller towns. This is a sine-qua-non for NAM's success.
- Rapid changes in technology must be **swiftly adapted** and the farmers and traders be made acquainted with such new developments through **training & simulation**
- **Banking system** is a key-driver of e-NAM. Banks needs to offer **end-to-end integration** for banking services like collection through multiple modes, payments to beneficiaries, host to host reporting, digital auctioning, etc.
- **Digitization of trade transactions** is required for enhanced transparency.

e-NAM hosts a slew of **long-term benefits**, supply chain efficiencies, transparency and harmonization of quality standards. The aforementioned steps can help in early adoption and integration, which will be crucial for e-NAM's success.